

Customer Service Education Division – Health Benefits Into Retirement

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Guests: Don Jarrell, Laurie Daniels

Audio Transcript

Host:

Once again, I welcome you to Health Benefits Into Retirement. Now, without any further delay, I would like to turn today's live meeting over to your CalPERS representative, Don Jarrell, and assisting him will be Laurie Daniels. And, Don, you now have the floor.

Don Jarrell:

Thank you. Hello to all of you out there in Webinar Land. My name is Don, and I'll be your guide for this section of our webinar today, Health Into Retirement and Medicare Enrollment. We'll separate and expand on the two subjects as we go. But let's keep it simple and begin, well, at the beginning.

Eligibility: There are certain eligibility requirements to continue CalPERS Health Benefits Into Retirement. For California State University, we'll call them CSU employees, or State employees. You must retire within 120 days of separation and receive a monthly retirement allowance. You must also be eligible for CalPERS health benefits at the time of separation. School, Public Agency, State and CSU employees share two of the same eligibility requirements. The difference is that School and Public Agency employees must retire from an employer with an active health contract with CalPERS for your specific bargaining group in order for these benefits to continue into retirement.

Your date of separation and your date of retirement are linked, and they play an important part in continuing your Health Benefits Into Retirement. If you separate from employment and retire within 30 days, and you're already on a CalPERS Health Plan, your health benefits will automatically continue into retirement.

If your separation and your retirement dates are between 30 and 120 days of each other, the continuation of your health benefits is not automatic. You'll need to contact CalPERS and re-enroll in a health plan.

Retiring more than 120 days after separating from employment means that you will lose any eligibility for future CalPERS Health Benefits. Now, if you have dependents who are enrolled on your CalPERS Health Plan at the time you retire, they simply continue their enrollment on your plan. But, if they're not enrolled when you retire, CalPERS allows you to add them to your plan at different times. You might add them within 60 days of an involuntary loss of coverage from a plan that may or may not have been with CalPERS, or, during any open enrollment time, or due to a qualifying event.

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Now, once we know who is eligible for Health Into Retirement, we can determine how much of the plan cost belongs to the retiree and how much belongs to the employer.

Vesting is the time you must be employed by the State or contracting agency in order to be eligible to receive employer contributions applied to the cost of your health plan. The State of California has vesting requirements, plus a predetermined contribution amount for one person on the plan, two people on the plan, or three or more people on your plan. The percentage of the amount you receive from the State in retirement will depend on your vesting. However, employer contributions for schools and public agencies can and will vary depending on the contract between the employer and CalPERS. Now, if you're employed with a contracting agency, ask your employer about your health vesting requirements that are a part of your contract. And you'll also need to check with them every year as to the amount they'll pay towards the cost of your health plan.

State disability, CSU and Legislature retirees are automatically eligible for 100 percent of the state contribution towards the cost of their health plan. For State retirees, vesting is based on the date you were first hired by the state and the amount of time you worked. If you were first hired prior to January 1, 1985, there's no vesting requirement. You'll get 100 percent of the state contribution towards the cost of your health plan. If you were hired between January 1, 1985 and January 1, 1989, you must have ten years of CalPERS service to get the same 100 percent contribution. If you have fewer than ten years, the percentage of the state share is prorated. For instance, if you have eight and a half years of service at retirement, you would get 85 percent of the state contribution towards the cost of your health plan. If you were hired after January 1, 1989, then you must have 20 years of service to get 100 percent of the state contribution toward your plan premium. If you have ten years, you'll get 50 percent of the state share. And for each whole year between 10 and 20 you get another 5 percent of the state share. For example: If you had 12.9 years of service at retirement, you would be eligible for 60 percent of the state contribution. Now, if you have fewer than ten years of service at retirement, you can still continue your health benefits into retirement, but you would be responsible for the entire health plan premium.

Now, up to now this conversation has been a little one sided. Okay, completely one sided. But I'd like to change that a little bit and ask you to give us a little information. So now is your time to grab your mouse and answer these simple questions: Are you currently under your own employers' health plan or are you on somebody else's plan? All right. At least everybody knows where they belong. It looks like the vast majority of you are on your own plan. Now, keep in mind the information we're going to cover today is important whether you're on your own plan, or whether you're a dependent on somebody else's plan.

Oh, by the way, one more thing just for me. I need to know how the information is coming at you. Now, you may have guessed I'm getting over a cold. So, I need to know: Am I going too fast, too slow, or, as the story once said, is it just right?

Okay. So far so good. Looks like I'm doing okay. So we'll just keep going onto our next topic.

Now as a retiree you may want to or need to change your health plan. CalPERS gives you several opportunities to change your health plan. CalPERS gives you several opportunities to make a change.

Permitting events allow you to change your health plan after you retire. For example, changes can be made during the CalPERS annual "Open Enrollment" period which occurs every fall. These changes would be effective January 1st of the following year.

You could also change plans within 60 days when you first become eligible for Medicare. Or, there are qualifying events that permit you to change your health plan. Now these could include moving or stopping your membership in an association. And we'll talk about those associations in just a moment.

Things happen in everyone's life. Some of what happens may affect your CalPERS benefits, especially your health benefits. And, depending on what has happened, CalPERS should be notified as soon as possible to protect your health benefits. Common events, such as getting married or entering into a domestic partnership, would allow you to add a new dependent to your plan.

On the other side, if you get divorced or if you terminate a domestic partnership, the spouse or the partner must be removed from your plan. Upon your death or the death of a dependent on your plan, CalPERS needs to be notified as soon as possible. This notification allows CalPERS to verify the correct cost of your plan and to protect any health benefits that may pass to a beneficiary. Medicare is a major life event in regards to your CalPERS Health Benefits. And we'll cover this in more detail just a little later in this presentation.

And finally, you should contact CalPERS if you plan to move as your current health plan may not be available in the area in which you plan to live.

After retirement availability of a CalPERS Health Plan is determined by the zip code of your physical residence. And you can find the availability of all our plans by using the Eligibility Zip Code Search Tool on the CalPERS web page.

Now, while changes are happening all around us, it's important to understand the basics; what types of health plans does CalPERS offer and what makes them different from each other. CalPERS currently offers three types of health plans.

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These plans offer an opportunity for our members to select a quality plan based on provider availability, cost and location.

Preferred Provider Organizations are generally available in most geographical locations and allow greater flexibility when choosing a provider. An HMO coordinates all of the subscriber's medical care through a Primary Care Provider. These subscribers have a set copayment and no deductible. Services, however, must be provided within the plan's predefined network.

Association Plans. Now these are available to members who belong to and pay dues to that specific association. And some of these plans can come with you if you decide to live outside California.

Well, it looks like we've got another question for you. What type of health plan do you belong to? HMO, PPO, Association, or you don't know so you need to make a lifeline phone call?

Looks like, so far, HMO is the big winner on this. Now, remember, once you retire you might have a life event that could require a change in your health plan. Another web tool available to you that you may want to use is the Health Plan Chooser. This tool allows you to do a side-by-side comparison of the different plans that are available and it's right on the CalPERS web page.

State and CSU retirees can also continue dental and vision benefits into retirement. Let's begin with dental.

In order to be eligible to continue your dental coverage into retirement you must retire within 120 days of separation and receive a continuing retirement allowance from CalPERS. Contact your employer to re-enroll in your dental plan at retirement and verify what percentage you and your employer will pay towards your premiums and retirement. And you should ask them about any vesting requirements since they do vary by bargaining unit. CalPERS doesn't administer the dental benefits. So, for matters other than enrollment changes, State retirees should contact the Department of Personnel Administration and CSU retirees should contact the Chancellors Office.

If you're employed by a school or a public agency, you'll need to check with your employer concerning any continuation of dental benefits into retirement.

While there are several health and dental plans you might choose, selecting a vision plan is really easy, there's only one.

Eligibility requirements for vision benefits are the same as for dental. There's a slight difference though. You are required to pay the full premium for your vision coverage in retirement. The premium is deducted monthly from your retirement check as a direct authorization. Vision benefits are administered by the

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Department of Personnel Administration for State retirees and by the Chancellors Office for CSU retirees.

For all enrollment inquiries contact Vision Services Plan directly. As with your dental benefits, school or public agency members will need to check with their employer about continuation of vision benefits into retirement.

So, what is this thing called Medicare? Members or a dependent on their plan who are close to retirement and Medicare eligibility based on age should find the following information helpful. On the next few slides we'll discuss the Medicare program and how it coordinates with CalPERS Health Benefits.

Medicare is a Federal health insurance program for people 65 years of age and older, or for those under 65 with certain disabilities, or for those who have End-Stage Renal Disease: permanent kidney failure requiring dialysis or a kidney transplant.

Like so many Federal programs, Medicare is a big program. So big it became easier to manage by dividing it into parts. And it all begins with Part A.

Part A helps to cover inpatient care in a hospital, or in a skilled nursing care facility following a hospital stay. It also covers some health care and hospice care. If you worked at least 10 years in Medicare covered employment, and that would equal about 40 quarters, and you are age 65 or older, you're entitled to premium-free Part A coverage.

Now at 65, if you're not entitled to premium-free Part A through employment, you may still qualify through a current, former or deceased spouse. But, if you don't qualify through a current, former or deceased spouse, you still have the option to just buy it.

Part A is also available to some people under 65 with certain disabilities as determined by the Social Security Administration. So following Part A, we come to Part B.

Part B helps to pay for doctors' services, outpatient care and some other medical services not covered under Part A. Eligibility to enroll in Part B begins at age 65. Some people will qualify before age 65 due to certain disabilities. Now you can enroll in Part B up to three months prior to, or three months after your 65th birthday. But make no mistake, enrolling in Part B when you're supposed to is very, very important. Medicare may add a 10 percent penalty for each 12 month period you were first eligible to enroll in Part B but did not enroll, and this penalty is never removed; so your cost for Part B will always be higher than it should have been.

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So for those people who did not enroll at age 65, Social Security has a general enrollment period, it's similar to CalPERS Open Enrollment, and it's from January 1 through March 31 of each year with coverage beginning on July 1.

If you're eligible for premium free Part A, you must enroll in Part B and transfer to a CalPERS Medicare Health Plan to continue your health benefits; Failure to enroll in Part B when you're supposed to will result in plan cancellation.

But, if you or your spouse or domestic partner are still working and are covered by an active employer group health plan after age 65, Part B enrollment may be deferred until you or the active subscriber loses coverage or retires.

Now, after age 65, if you do lose coverage elsewhere, or, if you just simply retire, the Medicare special enrollment period allows you to enroll in Part B without that nasty 10 percent penalty. Within 60 days of separation from employment you should contact the Social Security Administration to enroll in Part B and you should also notify CalPERS.

Medicare enrollment can happen at different times for different people. The important part is that you need to find out when you need to do it.

Medicare Part C. Part C is the part of Medicare that manages the other parts of Medicare: A, B, and D.

A health plan can be a part C plan if approved by the Centers for Medicare and Medicaid Services. These are known as Medicare Advantage plans and CalPERS offers two of them: One through Kaiser and one through Blue Shield. These Advantage plans offer all Medicare covered medical and prescription drugs services, plus a greatly simplified payment system for those enrolled.

Medicare Part D. Part D was added to Medicare in 2006 to provide a Federal voluntary outpatient prescription drug benefit, because prior to 2006 Medicare didn't even offer a prescription drug service. Medicare enrollees had to purchase an additional plan just for their prescription needs.

Now it's important for you to know that prescription drug coverage is provided through all CalPERS Health Plans. And this coverage is equal to or better than the coverage provided by Part D. And because our members have prescription drug coverage through all our plans, they should not enroll themselves in a separate, non-CalPERS Part D plan. Generally, California law does not permit enrollment in Medicare Part D and a CalPERS Health plan. So, if you have enrolled in a separate Part D plan, which you won't need anyway, you'll need to cancel it as soon as possible. Otherwise, your CalPERS plan will be cancelled.

However, California law does provide an exception. For those members enrolled in either Kaiser Permanente Senior Advantage or Blue Shield Advantage 65

Plus. Those members are automatically enrolled in Part D by their health plan. So don't worry about this Part D enrollment, it's okay, and it's an integral part of our two Medicare Advantage plans.

Okay. So we've come to the part where I find out if I'm actually getting my point across. As you get closer to the age for Medicare eligibility, you'll probably get dozens of brochures regarding enrollment, and one of the many Part D prescription plans offered.

Now, based on what we just covered, should you enroll? Yes or no? Well, I got to tell you, folks, I feel a lot better because it looks like everybody said no. And that's the right answer. You should not enroll in Part D because it's already included in your health plan. So, let's go right on along to CalPERS Medicare enrollment.

Determining your eligibility for Parts A and B is an important first step. But, now you have to actually enroll. If the CalPERS member is retired and the member, spouse or eligible dependent is eligible for and enrolled in Part A and Part B, then enrollment in a CalPERS Medicare Health Plan is required. But just because enrollment is required, we need you to understand that enrollment into a Medicare plan is not automatic.

As part of the enrollment process, members are required to complete the "Certification of Medicare Status Form" and provide supporting documentation as required by CalPERS. And, because we want you to do the right thing at the right time, CalPERS reminds its members about potentially enrolling in the Medicare through mailed notices. The initial notice goes out four months prior to the 65th birthday, a reminder notice goes out one month prior to the 65th birthday. And, failure to respond to both notices will result in the mailing of the Notice of Cancellation on the first of the 65th birthday month.

For your convenience, both the initial and the reminder notices will include a Certification of Medicare Status Form for the person going into Medicare. They will need to complete and return the form to CalPERS. And, as with any legal document, we strongly suggest you keep a copy of everything you sign and return to CalPERS. Now, if CalPERS does not receive a response to our notification, the automatic cancellation of your health coverage will be effective the first of the month following your 65th birthday.

When you or your dependent is eligible for Medicare, CalPERS requires you to complete the Certification of Medicare Status Form. Section One is for the name of the retiree and the name of the person going into Medicare. This may or may not be the same person.

In addition to Section One, either Section Two, Three, or Four must be filled out. When you have filled out the appropriate sections, Four must be signed by the

person certifying the information. Section Two is for the name of and the information for the Medicare enrollee. The required Medicare information can be found either their Medicare card or their letter of entitlement they got from the Social Security Administration.

Section Three is your chance to show and tell CalPERS that you're not required to enroll in Part B because you're not eligible for free Part A.

Section Four. Remember the part about working after 65 and having an Employer Group Health Plan? This is the place to verify that information. It let's CalPERS know you don't have to have Part B at this time. If you're not required to have Part B, nothing changes. You can remain in your CalPERS Basic Health Plan.

Enrolling in a CalPERS Medicare Health Plan will, in most cases, reduce the cost of your plan regardless of how many people are on it. It's possible that this change in cost will result in money paid back to you as a reimbursement on your monthly benefit check. State and CSU retirees enrolled in a CalPERS Medicare Health Plan may be entitled to a reimbursement of a portion of their Medicare Part B premium. The reimbursement is simply the difference between the amount the employer will pay (usually referred to as the State share) and the actual cost of the health plan.

Public agency and School retirees, you're not entitled to receive Medicare Part B reimbursement from CalPERS. If this applies to you, contact your former employer to see if this type of benefit is a part of your contract.

Part B premiums are adjusted by the Social Security Administration annually. Since the premium is based on your adjusted gross income, it's possible your Part B premium won't be the same from year to year. State and CSU retirees may qualify for an additional Part B premium. You will receive an annual Social Security Benefits Notice before the start of each calendar year. It will tell you your Part B premium for the upcoming year. If your new Part B premium is more than the reimbursement amount on your current benefit check, you should mail or fax a copy of the entire notice to CalPERS.

The CalPERS web page offers multiple resources for contacting us, your health plan or Medicare. The address for our web page is www.CalPERS.ca.gov. The address for accessing your personal account information is "My.CalPERS.ca.gov". Medicare can be reached at their toll free number 800-772-1213. But if only a phone call to CalPERS will do, our toll free number is 888-225-7377.

This brief overview was intended to give you some important information and we hope that it has. None of the do's and don'ts of continuing health into retirement

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or enrolling in Medicare are hard. You just need to take action at the right time to protect your valuable health benefits.

Now, at this time, we'd appreciate your feedback to help us plan future educational events so we've got seven questions for you to answer. For those of you who logged on earlier to our previous sessions, you may have already done this, but please do it again. It all helps us to make things better for the next time. And, while you're doing that, we're going to answer some of the questions that came in during this presentation.

Laurie Daniels:

Hi Don. I do have a few questions here for you. The first one I have is, I have a member who is on a CalPERS Health Plan now and they're looking at the possibility of going on their wife's health plan through their employer. And, they're worried about if they cancel it, what happens? Can they get it again?

Don Jarrell:

We get this question all the time. And this goes to the subject of eligibility versus enrollment. Just because you cancel your health plan doesn't mean you've lost your eligibility to have your health plan. So, the short answer is, yes, during any open enrollment, or should you lose that coverage involuntarily, you could come back and pick up your health plan again with CalPERS.

Laurie Daniels:

I have another question here. If somebody retires but they don't retire with, or somebody leaves their job and doesn't retire within 30 to 120 days, why do they have to re-enroll?

Don Jarrell:

Oh, good. Well, you have to re-enroll because of what happens when you separate from employment. Now you have to separate from employment in order to retire. In other words, there's a break in your employment, which causes a break in your health coverage. Beyond 30 days from separation, your plan is just cancelled.

Laurie Daniels:

All right. Thank you. Okay, I have somebody who is planning on moving to Texas, and they want to know if they have to change their health plan now, and how would they do that?

Don Jarrell:

Oh, they're moving?

Laurie Daniels:

Yeah, they're moving.

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Don Jarrell:

Ah, moving. This is a biggie. Best way to do this, there's a couple things you can do to help yourself, one is go onto the CalPERS web page and look for, and use our Eligibilities Zip Code Search Tool and call us and let us know. If you're not able to access our web page, one of our many representatives here can look up your zip code in your new area and let you know if your current plan is available or what plans are available and we could even affect the change for you. Keep in mind that these plan changes due to moving, if know it, everything is specific, we can make that change for you right over the phone.

Laurie Daniels:

Okay. I have somebody who is planning on doing some traveling. I think they're getting an RV. That's my personal thought. Is there anything they need to do to make sure that their coverage is okay?

Don Jarrell:

Absolutely. Every plan has some contingency for temporary coverage for emergencies when you're away from home. On the back of your health plan card is your customer service phone number. You might want to call them before you begin your traveling to find out what you're covered for while you're away from home. Keep in mind that coverage, which is equal to Planned Benefits, those are handled directly by the Health plan, not CalPERS.

Laurie Daniels:

Thank you. I have somebody who is already retired and they plan on getting married. And they want to know if they can add their wife's kids to their health plan?

Don Jarrell:

Absolutely. But, there are a couple rules. As you go into a legal marriage and the children of the new spouse are under age 26, you can add them right onto your plan.

Laurie Daniels:

Great. Okay, thank you. Another question that came in. Will my dental and vision benefits be the same in retirement as they are while I'm working?

Don Jarrell:

This goes back to our other participants question, benefits versus enrollment. So, for that question, you need to contact the plan. The plan, whether it's health, vision or dental handles your benefits. In other words, what am I covered for? CalPERS will handle your eligibility and your enrollment; The plans handle your benefits.

Laurie Daniels:

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Thank you. Okay, next question. Hmm, this is an interesting one. I was told I need the Social Security number of a dependent I want to add to my plan, but I don't have one.

Don Jarrell:

Well, this happens. And, it happens a lot. From the time we know about this dependent coming onto your plan we give you 90 days from when we add them onto your plan to get a Social Security number. So, don't panic right away, but know that we do require you to send that into us.

Laurie Daniels:

Thank you. Another question about Medicare. If I give my Medicare information on the certification card, why do I need a copy of my Medicare card?

Don Jarrell:

Well, most of this comes down to CalPERS business processes. Okay? It is our process to have the proof of our member's Medicare enrollment. The form is one part of it, but a copy of your Medicare card showing the enrollment date for Part A and Part B is part of our requirement process.

Laurie Daniels:

Thank you. When can I find out how much my employer will pay for my health plan?

Don Jarrell:

Oh, that's a good question, because we certainly get those every year. The rates are the, what we would call the State Share for State and CSU retirees as published during the Annual Open Enrollment period. For School and public agencies, that information is updated, I'm sorry to say, more slowly. And we usually have that by the first of the year. Sometimes we have it a little after the first of the year. If you need that information right away, contact your employer for what they will pay towards the cost of your health plan.

Laurie Daniels:

Okay. I have another question. Do State retirees pay for dental and vision benefits?

Don Jarrell:

State retirees pay 100 percent of their vision coverage. For dental, CSU retirees receive a 100 percent of the State contributions, but State retirees may be responsible for contributing to a portion of the premium.

Laurie Daniels:

Thank you. Okay. Another question that says, I'm getting a divorce, can I delete my wife now?

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Don Jarrell:

Can you delete your wife now? Technically, yes. Practically, may not be the world's best idea. Because once we get a copy of the divorce decree and it tells us that the former spouse was supposed to have health coverage up to the date of the divorce, you have to put them back onto your plan and pay for all those back premiums.

Laurie Daniels:

Thank you. Okay, it looks like I just have a couple more questions that have come in. If I go, let me see. If I go on a CalPERS Medicare Health Plan, what happens to my husband's coverage?

Don Jarrell:

In a word? Nothing. Okay? It's really very, very simple. And it's very common for couples to go onto Medicare at different times because they're different ages. So, you go on the Medicare, your spouse, which we call your dependent, just stays on your plan under Basic coverage. This happens all the time, and don't worry about it. Just send in your information, we'll take care of you.

Laurie Daniels:

Okay, thank you. I have somebody who looks like they're moving out of the country, specifically New Zealand. And they want to know if Medicare can be taken to New Zealand?

Don Jarrell:

In New Zealand? Ooh. That's a toughie. Well, let's see. No. And the reason the answer is, no, is real simple. Medicare is not a recognized plan outside the United States. You need to contact CalPERS with your new address anyway, keep in mind that when you move it's not just your health benefits we're talking about, it's getting your retirement check on time. So we can process a plan change back to Basic coverage at the same time we update your address. If you come back to the United States, then let us know, we'll change your address and, at that time, we will re-enroll you into a Medicare plan.

Laurie Daniels:

Okay. I have another one. Can two CalPERS members have their own CalPERS Health Plan and be on their spouse's CalPERS Health Plan?

Don Jarrell:

No. I seem to be saying that a lot, and I don't mean for it to come out quite that way. But this is what we call dual coverage and it's not allowed under California law.

Laurie Daniels:

Okay. If I get laid off and then retire, can I keep my health coverage?

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Don Jarrell:

Yes. Absolutely. Separating from employment is what you have to do in order to retire. And, how you separate from employment has no affect on continuing your health benefits into retirement.

Laurie Daniels:

Is there still a timeframe for retiring? Would it be, would they have to retire within 120 days?

Don Jarrell:

Well, in order to keep your health benefits you still have to separate and retire within that magical 120 days.

Laurie Daniels:

Thank you. Okay. Okay, I have one last question here. If I'm still working and my wife is on my plan and they are turning 65, what do we do?

Don Jarrell:

Now, you don't really need to do anything. If you work for a CalPERS employer, we know you're still working, and we won't bother you. But, once you retire, then your spouse will have to enroll in Medicare. And, at that time, you will too, if you're eligible at that point.

Laurie Daniels:

Thank you, Don. Well, at this time, it looks like we've run out of some of our questions. Any other questions that do come in before the end will be addressed. Again, we will e-mail you a link of the List of Frequently Asked Questions that we received during the presentation, as well as the recording and transcript of this event once it's posted online. Don?

Don Jarrell:

And I just want to say thanks to all of you who attended not only this session, but any previous sessions we offered today. We've had fun today and we hope you did too. Have a good one, guys. Thanks.

Host:

All right. Great. And you can now disconnect from the audio portion of today's conference.